

Message Text

CONFIDENTIAL

PAGE 01 ABU DH 03082 170941Z

20

ACTION SS-25

INFO OCT-01 ISO-00 SSO-00 /026 W
----- 004043

P R 170845Z NOV 76

FM AMEMBASSY ABU DHABI

TO SECSTATE WASHDC PRIORITY 5206

INFO AMEMBASSY ALGIERS

USINT BAGHDAD

AMEMBASSY DOHA

AMEMBASSY JAKARTA

A/AMEMBASSY JIDDA 1234

AMEMBASSY CARACAS

AMEMBASSY KUWAIT

AMEMBASSY LAGOS

AMEMBASSY LIBREVILLE

AMEMBASSY QUITO

AMEMBASSY TEHRAN

AMEMBASSY TRIPOLI

C O N F I D E N T I A L ABU DHABI 3082

EXDIS

DEPT PASS BAGHDAD

E.O. 11652: GDS

TAGS : ENRG, PFOR, TC

SUBJECT : OPEC PRICE DECISIONS

REF: (A) STATE 279392 (NOTAL), (B) ABU DHABI 3048 (C) ABU DHABI 3045

1. FOLLOWING UP ON MY CALL ON OIL UNDERSECRETARY ISMAIL (REF B)
I MET WITH OIL MINISTER UTAYBA UPON HIS RETURN FROM TOKYO
THE PREVIOUS EVENING. AFTER MAKING ESSENTIALLY SAME
POINTS I HAD MADE WITH ISMAIL ON NOVEMBER 13 AND LEAVING
UTAYBA WITH A COPY OF AIDE MEMOIRE, (REF A), UTAYBA'S RESPONSE IN
MANY RESPECTS PARALLELED THAT OF ISMAIL.

2. UTAYBA SAID HE HAD BEEN QUOTED IN VARIOUS DIFFERENT
CONFIDENTIAL

CONFIDENTIAL

PAGE 02 ABU DH 03082 170941Z

WAYS ABOUT OIL PRICES WHEN IN TOKYO. HE HAD BEEN ASKED

BY THE PRESS HOW MUCH THE INCREASE IN OPEC OIL PRICES WOULD BE AND WHAT HE THOUGHT OF PRESIDENT ELECT CARTER'S STATEMENTS DURING THE POLITICAL CAMPAIGN ON THE OIL EMBARGO. UTAYBA SAID HE HAD RESPONDED TO FIRST QUESTION BY SAYING THAT IF THERE WERE ANY INCREASE, IT SHOULD NOT BE HIGHER THAN 10 PERCENT. IN OTHER WORDS, 10 PERCENT WAS ABSOLUTE CEILING FOR UAE. WITH REGARD SECOND QUESTION, HE HAD SAID THAT NO ONE SHOULD MAKE JUDGEMENTS ON WHAT WAS SAID DURING AMERICAN ELECTORAL CAMPAIGN, THAT NEW US ADMINISTRATION SHOULD BE GIVEN TIME TO WORK OUT ITS POLICIES, AND THAT OPEC SHOULD NOT FACE PRESIDENT ELECT CARTER WITH A HIGH INCREASE IN OIL PRICES JUST AS HE ASSUMES OFFICE.

3. UTAYBA ADDED HE HAD HEARD THAT MORNING BRITISH PRIME MINISTER CALLAGHAN'S STATEMENT ABOUT OIL PRICES. HE THOUGHT IT WOULD HURT EFFORTS OF ARAB PRICE MODERATES IF IT APPEARED US WAS MOUNTING ORCHESTRATED PUBLIC CAMPAIGN WITH OTHER CONSUMER COUNTRIES. THIS KIND OF PUBLIC STATEMENT ONLY STIMULATED QUESTIONS FROM THE PRESS WHO ASKED FOR A REACTION AND HE WAS NOT KEEN TO GET INTO SLANGING MATCH, AS KUWAIT'S MINISTER OF FINANCE ATEEQI HAD DONE, WITH SPOKESMEN FROM MAJOR CONSUMER COUNTRIES. I TOLD UTAYBA THAT I WAS NOT AWARE OF ANY ORCHESTRATED CAMPAIGN. OPEC COUNTRIES COULD NOT EXPECT THAT CONSUMER COUNTRIES WOULD REMAIN QUIET, ESPECIALLY THOSE WHOSE ECONOMIES ARE ALREADY IN A PARLOUS STATE AND LIKELY TO GET WORSE WITH A NEW OIL PRICE INCREASE.

4. AT END OF MEETING, UTAYBA REAFFIRMED THAT UAE WAS AMONG PRICE DOVES AND THAT HIS COUNTRY LOOKED AT LONG TERM ADVANTAGES OF MAINTAINING A STEADY AND HEALTHY WORLD MARKET FOR OIL. THIS WAS ONE REASON WHY ABU DHABI DID NOT INTEND TO CHANGE PRESENT 60/40 PARTICIPATION ARRANGEMENTS WITH OIL COMPANIES FOR AT LEAST NEXT FIVE YEARS. UTAYBA SAID HE WOULD BRING AIDE MEMOIRE TO ATTENTION OF UAE PRESIDENT SHAIKH ZAYID, THAT UAE WOULD CONSULT CLOSELY WITH SAUDIS, AND THAT ZAYID WOULD KEEP HIS PROMISE TO SENATOR ABOUREZK THAT UAE WOULD CONSIDER VERY CAREFULLY ADVERSE POLITICAL IMPACT WHICH OIL PRICE INCREASE COULD HAVE ON ATTITUDE OF NEW ADMINISTRATION TOWARD ISSUES OF IMPORTANCE IN AMERICAN-ARAB RELATIONS. (REF C). UAE WOULD TRY NOT TO RAISE OIL PRICE BUT IF THEY HAD TO BE CONFIDENTIAL

CONFIDENTIAL

PAGE 03 ABU DH 03082 170941Z

RAISED, THEY WOULD SUPPORT ONLY THE ABSOLUTE MINIMUM.

5. DURING CONVERSATION, UTAYBA MENTIONED THAT OPEC CONFERENCE IN DOHA HAD BEEN DELAYED UNTIL DECEMBER 20 WHICH HE SAID WOULD GIVE TIME FOR THE CIEC TO HOLD ITS MEETINGS IN PARIS AND COULD BE HELPFUL TO THOSE SUPPORTING MODERATE LINE. I AM UNAWARE OF CIEC SCHEDULE AND WOULD WELCOME ANY CLARIFICATION DEPT COULD GIVE ON THIS POINT. HE ALSO

SAID THAT VENEZUELAN OIL MINISTER HERNANDEZ ACOSTA WAS SCHEDULED TO COME TO VISIT ABU DHABI ON DECEMBER 17 AND HE AND MINISTER HERNANDEZ WOULD TRAVEL TOGETHER TWO DAYS LATER TO DOHA. AS AN ASIDE, UTAYBA THOUGHT VENEZUELAN COULD NO LONGER BE CONSIDERED AMONG RANKS OF PRICE HAWKS.

6. COMMENT: IT WOULD APPEAR FROM THIS LIMITED VANTAGE POINT THAT PRICE ISSUE IS STILL VERY MUCH IN AIR AND THAT THERE ARE OPPORTUNITIES FOR FURTHER DIPLOMATIC REPRESENTATIONS. IT WOULD OF COURSE BE PARTICULARLY HELPFUL IF, BEFORE DECEMBER 20, WE COULD ISSUE A CONVINCING DECLARATION OF INTENT OF HOW US INTENDS TO DEAL WITH DEVELOPMENT ITS COAL RESOURCES AND ACTIVELY PURSUE DEVELOPMENT OF OTHER ALTERNATIVE ENERGY RESOURCES.

DICKMAN

CONFIDENTIAL

NNN

Message Attributes

Automatic Decaptioning: Z
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: PETROLEUM PRODUCTION, PETROLEUM, PRICES
Control Number: n/a
Copy: SINGLE
Draft Date: 17 NOV 1976
Decaption Date: 28 MAY 2004
Decaption Note: 25 YEAR REVIEW
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: ElyME
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1976ABUDH03082
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GS
Errors: N/A
Film Number: D760428-0611
From: ABU DHABI
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1976/newtext/t19761142/aaaabjhh.tel
Line Count: 130
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION SS
Original Classification: CONFIDENTIAL
Original Handling Restrictions: EXDIS
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: EXDIS
Reference: 76 STATE 279392, 76 ABU DHABI 3048, 76 ABU DHABI 3045
Review Action: RELEASED, APPROVED
Review Authority: ElyME
Review Comment: n/a
Review Content Flags:
Review Date: 28 APR 2004
Review Event:
Review Exemptions: n/a
Review History: RELEASED <28 APR 2004 by CollinP0>; APPROVED <22 SEP 2004 by ElyME>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
04 MAY 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: OPEC PRICE DECISIONS
TAGS: ENRG, PFOR, TC, OPEC
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006